

STATE OF CALIFORNIA

Public Utilities Commission
San Francisco

M e m o r a n d u m

Date: May 25, 2004

To: The Commission
(Meeting of May 27, 2004)

From: Alan LoFaso, Legislative Director
Office of Governmental Affairs (OGA) — Sacramento

**Subject: SB 1858 (Dunn) - Telephone corporations: statewide
emergency telephone system.
As Amended April 29, 2004**

Legislative Subcommittee Recommendation: Oppose

Summary: Existing Law, Government Code Secs. 53100 et seq., “the Warren-911-Emergency Assistance Act”, authorizes the Department of General Services Telecommunications Division to administer and maintain emergency 911 services (911 service).

Existing Law, Revenue and Taxation Code Sec. 41020, authorizes the Department of General Services (DGS) to determine the surcharge rate imposed on every telecommunication customer’s total intrastate telephone service to fund 911 services.

Existing Law, Revenue and Taxation Code Sec. 41136, authorizes the BOE via the State Treasurer to reimburse specified state agencies and private-sector companies for 911-related costs.

Existing Law, P.U. Code Sec. 451, requires that all charges demanded or received by any public utility for a product or commodity be just and reasonable. Decision (D.) 94-09-065 specifies that 911 service is a Category I Service (a basic monopoly service with rates and charges set or changed only upon Commission approval).

This bill would require the commission to determine if telephone corporation 911 rates and charges are just and reasonable.

Analysis: Before a individual can access 911 emergency services and be connected to a public service answering point (PSAP) that routes their call to the appropriate

emergency service, several steps have already been taken to provision this service. Here is a quick synopsis:

DGS has negotiated a contract with an Incumbent Local Exchange Carrier (ILEC) to determine the rates a PSAP can be charged for providing 911 service via their network. The ILEC has filed tariffs with the Commission specifying the agreed upon rates and charges. DGS has imposed a surcharge on telecommunication customer's intrastate telephone service, collected by carriers and remitted to the Treasurer to fund 911 services. The PSAPs have purchased services and equipment from the ILECs with funds allotted to them from DGS.

According to the Telecommunications Division, the Commission is not formally involved in the aforementioned process and does not actually approve, reject, or modify prices or terms that result from the DGS negotiations.

Therefore, the Commission allows these ILEC 911-related tariffs to go into effect subject to protest, according to ordinary Commission procedures. The Commission performs the following other 911-related responsibilities:

- Requires telephone companies to provide 911 service to their customers
- Requires telephone companies to meet service quality rules pertaining to provisions of 911
- Requires carriers to report 911 outages to the Commission.

SB 1858 would add an extra-unneeded step to the provisioning of 911 services to Californians. That is, it would require the Commission to regulate rates DGS sets in contracts for 911 services. The Commission should not be required to oversee a fellow state agency (DGS), especially, if that agency is currently authorized by the Legislature to maintain emergency services throughout California and the Commission has no ratemaking authority over them.

Jack Leutza of the Commission's Telecommunications Division and Helen Mickiewicz of the Commission's Legal Division contributed substantially to this analysis.

LEGISLATIVE HISTORY

Senate Floor: 28-9 (Pass) (5/17/04)
Senate E.U.&C.: 6-0 (Do pass) (4/13/04)

SUPPORT/OPPOSITION

Support: None on file.

Opposition: None on file.

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Date: May 25, 2004

BILL LANGUAGE:

BILL NUMBER: SB 1858 AMENDED
BILL TEXT

AMENDED IN SENATE APRIL 29, 2004
AMENDED IN SENATE MARCH 25, 2004

INTRODUCED BY Senator Dunn

FEBRUARY 20, 2004

An act to add Section 451.5 to the Public Utilities Code, relating to the statewide emergency telephone system.

LEGISLATIVE COUNSEL'S DIGEST

SB 1858, as amended, Dunn. Telephone corporations: statewide emergency telephone system.

Existing law generally sets forth the criteria governing the statewide "911" emergency telephone system. *Under* ~~The existing Emergency Telephone Users Surcharge Act generally imposes a surcharge on amounts paid by every person in the state for intrastate telephone service to fund "911" emergency telephone system costs. Surcharge amounts are paid to the State Board of Equalization by the telephone service supplier, and are deposited into the State Treasury to the credit of the State Emergency Telephone Number Account in the General Fund, for appropriation by the Legislature solely for certain purposes associated with the "911" emergency telephone number system, including the payment of bills submitted by service suppliers for the installation of, and ongoing expenses for, that system.~~

~~Under~~ existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations, and authorizes the commission to fix just and reasonable rates and charges, and requires that all charges demanded or received by any public utility for any product or commodity furnished or any service rendered ~~by~~ be just and reasonable.

This bill would require the commission to ~~ensure that all funds paid to a telephone corporation from the State Emergency Telephone Number Account, are reflective of charges that~~ *review the rates and charges by telephone corporations for "911" emergency telephone service to ensure that those rates and charges are just and reasonable.*

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 451.5 is added to the Public Utilities Code, to read:

451.5. ~~The commission shall ensure that all funds paid to a telephone corporation from the State Emergency Telephone Number Account pursuant to the Emergency Telephone Users Surcharge Act (Part~~

~~20 (commencing with Section 41001) of Division 2 of the Revenue and Taxation Code), are reflective of charges that are just and reasonable.~~ The commission shall review the rates and charges by telephone corporations for "911" emergency telephone service to ensure that those rates and charges are just and reasonable.